

RECEIVED

JAN 19 2000

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

DOCKET FILE COPY ORIGINAL

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, DC 20554

In the Matter of )  
 )  
Federal-State Joint Board on Universal Service: ) CC Docket No. 96-45  
Promoting Deployment and Subscribership )  
in Unserved and Underserved Areas, Including )  
Tribal and Insular Areas )

**REPLY COMMENTS OF PUERTO RICO TELEPHONE COMPANY, INC.**

Puerto Rico Telephone Company, Inc. ("PRTC"), by its attorneys, hereby replies to comments filed in response to the Further Notice of Proposed Rulemaking<sup>1</sup> in the above-captioned proceeding. As PRTC and other parties have demonstrated, substantial impediments to increased penetration exist in Puerto Rico and in insular areas, as a whole. Accordingly, universal service support to insular areas should be designed to meet these unique needs for increased subscribership. In addition, PRTC supports proposals to expand the Link-up program to fund line connections and/or extensions to low-income consumers.

**I. INSULAR AREAS FACE UNIQUE IMPEDIMENTS TO IMPROVING PENETRATION LEVELS**

Puerto Rico's low island-wide penetration level of 74.2 percent is caused by a variety of factors, including demographics, geography, climate and poverty. Penetration levels on the island tend to be significantly lower where population density is also low. In mountainous areas, the difficulties of serving sparsely populated areas are exacerbated by the prohibitive expense of

<sup>1</sup> Federal-State Joint Board on Universal Service: Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas, CC Docket No. 96-45 Further Notice of Proposed Rulemaking, FCC 99-204 (rel. Sept. 3, 1999) ("Further Notice of Proposed Rulemaking" or "Further Notice").

No. of Copies rec'd 074  
List A B C D E

providing traditional wireline service. Other factors, including the high incidence of severe hurricanes and the low average income of the island's population, further complicate achieving universal service.

The comments demonstrate that such conditions are not unique to Puerto Rico, but are characteristic of insular areas. For example, the Public Service Commission of the U.S. Virgin Islands ("VIPSC") explains that the U.S. Virgin Islands' "rugged, mountainous areas," "harsh environmental climate," and location "vulnerable to the ravages of hurricanes" increase the costs of providing service to the U.S. Virgin Islands and other insular areas.<sup>2</sup> The Government of Guam ("Guam"), the Commonwealth of the Northern Mariana Islands ("Northern Mariana") and the American Samoa Telecommunications Authority ("ASTA") concur.<sup>3</sup>

PRTC agrees with VIPSC that universal service would be promoted by providing support to carriers serving insular areas based on actual carrier costs.<sup>4</sup> Such an approach is necessary until the Commission's new model methodology is capable of accounting for the fact that geographic features of insular areas are quite different from those of the mainland United States and substantially increase the costs of providing basic telephone service.<sup>5</sup> In addition, the Commission has a statutory obligation to advance universal service to consumers in all regions of the Nation, including low-income consumers in insular areas.<sup>6</sup> Consistent with this statutory obligation, the Joint Board has recommended that "rural carriers serving high cost insular areas .

---

<sup>2</sup> VIPSC Comments at 3-4.

<sup>3</sup> Guam Comments at 3; Northern Mariana Comments at 2; ASTA Comments at 1.

<sup>4</sup> VIPSC Comments at 6.

<sup>5</sup> Id. at 7.

<sup>6</sup> See Section 254(b)(3) of the Communications Act of 1934, as amended (the "Act"); 47 U.S.C. § 254(b)(3). See also VIPSC Comments at 2.

. . should continue to receive universal service support based on their embedded costs.”<sup>7</sup> To achieve statutory universal service principles, the Commission should apply this recommendation regardless of the carrier serving the insular area.

## **II. THE LINK-UP PROGRAM SHOULD BE EXPANDED TO FUND CONNECTION FEES AND/OR LINE EXTENSIONS**

The Link-up program should be expanded to include additional support to low-income consumers in unserved and underserved areas, including tribal and insular areas. As a large number of commenters agree, this program should fund connection fees and/or line extensions.<sup>8</sup> First, low-income consumers often cannot afford the expense associated with line hook-ups. Summit supports revision of the Link-up program due to “[t]he high cost of providing the initial connection [which] may be one of the most deterring factors” to providing service to underserved areas.<sup>9</sup> The Minnesota Public Utilities Commission (“MNPUC”) “agrees with the Commission that the cost of line extensions may be a deterrent to potential subscribers in assigned territory,” and that the MNPUC “is aware of individual instances where line extension charges were so high that potential subscribers declined service.”<sup>10</sup> Motorola, Inc. (“Motorola”) and Iridium U.S., L.P. d/b/a/ North America (“Iridium”) note that “[c]urrently, universal service

---

<sup>7</sup> Federal-State Joint Board on Universal Service, Recommended Decision, 12 FCC Rcd. 87, 308 (¶ 434) (Jt. Bd. 1996) (“Recommended Decision”) (emphasis added). See also VIPSC Comments at 7 & n.15 (citing to Recommended Decision).

<sup>8</sup> See Summit Telephone and Telegraph Company of Alaska, Inc. (“Summit”) Comments at 4; Alaska Rural Coalition (“ARC”) Comments at 12; Regulatory Commission of Alaska (“RCA”) Comments at 19; National Rural Telecom Association (“NRTA”) and Organization for the Promotion and Advancement of Small Telecommunications Companies (“OPASTCO”) Comments at 8 (supporting expanded support “[w]here remoteness and extremely low density require long loops at exceptionally high cost” to permit unconnected consumers to subscribe).

<sup>9</sup> Summit Comments at 4.

<sup>10</sup> MNPUC Comments at 8.

support for line extensions is limited to \$30 and one year's worth of interest on \$200 even if the line extension to the subscriber costs thousands of dollars.<sup>11</sup> Similarly, AT&T Corp. ("AT&T") recognizes that "the existing program, which has a maximum discount of \$30, may fall far short of the costs of installation in extreme outlying areas."<sup>12</sup> In addition, Motorola and Iridium note that the Arizona Corporation Commission has stated that "low-income consumers are unable to afford such charges, and existing USF subsidies are inadequate."<sup>13</sup>

Second, the establishment of facility extensions in hard to serve areas (e.g., mountainous regions that are sparsely populated) is often prohibitively expensive. Motorola and Iridium note that the average line extension charge for a particular company in 1997 was more than \$40,000 per loop.<sup>14</sup> Similarly, MNPUC states that "[i]n the past year, twelve complaints have been filed with the MNPUC regarding line extension charges. The quoted line extension charges ranged from \$179 to \$30,000."<sup>15</sup> PRTC's own experience is consistent with this cost range.

While PRTC has investigated the use of wireless technologies as an approach to reaching areas for which wireline construction is particularly costly, the quality of service provided by wireless technologies frequently has been unacceptable. For example, PRTC has encountered difficulties with signal transmission due to uneven terrain. Therefore, wireline service remains a necessary technology and line extensions to low-income consumers should be funded to promote

---

<sup>11</sup> Motorola and Iridium Comments at 17 (citing to 47 C.F.R. §§ 54.411(a)(1) & (2)).

<sup>12</sup> AT&T Comments at 6-7.

<sup>13</sup> Motorola and Iridium Comments at 17 & n.47 (citing to Arizona Proposal at 5). See also Further Notice at ¶ 119 (describing proposal submitted by Arizona Corporation Commission).

<sup>14</sup> Motorola and Iridium Comments at 17 & n.46. The loop cost was provided for the Navajo Communications Company.

<sup>15</sup> MNPUC Comments at 8.

universal service. Other parties support such funding. For example, AT&T states that “[t]he Commission should . . . expand the Link-Up program to provide additional assistance to individuals whose interconnection costs are prohibitive.”<sup>16</sup> United Utilities, Inc. (“UUI”) submitted a proposal, supported by RCA, that the Link-up program recoup up to \$100.00 in hook-up or connection costs for qualified customers.<sup>17</sup> These comments support revision of the Link-up program to include additional support to certain low-income consumers to fund line connections and/or extensions. Alternatively, PRTC supports use of a pilot program to evaluate the long-term effectiveness and costs of funding line connections and/or extensions.

### **III. CONCLUSION**

The Commission should fully recognize the unique geographic impediments insular areas face by determining support to carriers serving insular areas based on such carriers’ actual costs, at least until the model methodology sufficiently accounts for these high cost factors. In

---

<sup>16</sup> AT&T Comments at 1.

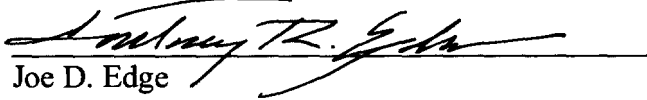
<sup>17</sup> UUI Comments at ii & 17; RCA Comments at 19.

addition, PRTC supports expansion of the Link-up program to fund line connections and/or extensions to low-income consumers.

Respectfully submitted,

PUERTO RICO TELEPHONE COMPANY, INC.

By:

A handwritten signature in black ink, appearing to read "Courtney R. Eden", is written over a horizontal line.

Joe D. Edge

Tina M. Pidgeon

Courtney R. Eden

DRINKER BIDDLE & REATH LLP

1500 K Street, N.W.

Suite 1100

Washington, DC 20005

(202) 842-8800

Its Attorneys

January 19, 2000

## CERTIFICATE OF SERVICE

I, Courtney R. Eden, certify that a copy of the foregoing Reply Comments was mailed by first-class mail, postage pre-paid, on the 19<sup>th</sup> day of January, 2000 to each of the following individuals or entities (unless otherwise indicated):

The Honorable William E. Kennard  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room 48-B201  
Washington, DC 20554

The Honorable Susan Ness  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room 8-B115  
Washington, DC 20554

The Honorable Michael K. Powell  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room 8-A204  
Washington, DC 20554

The Honorable Harold W. Furchtgott-Roth  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room 8-A302  
Washington, DC 20554

The Honorable Gloria Tristani  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room 8-C302  
Washington, DC 20554

Magalie Roman Salas  
Office of the Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room TW-B204  
Washington, DC 20554  
**(Original and Four Copies via Hand  
Delivery)**

Sheryl Todd  
Federal Communications Commission  
445 12th Street, S.W.  
Room 5-B540  
Washington, DC 20554  
**(Diskette Only)**

International Transcription Services  
1231 20th Street, N.W.  
Washington, DC 20036  
**(Diskette Only)**

Pamela J. Riley  
AirTouch Communications  
1818 N Street, N.W., Suite 800  
Washington, DC 20036

Lolita D. Smith  
Michael F. Altschul  
Randall S. Coleman  
Cellular Telecommunications Industry  
Association  
1250 Connecticut Avenue, N.W.  
Suite 800  
Washington, DC 20036

Lon C. Levin  
Vice President and Regulatory Counsel  
AMSC Subsidiary Corporation  
10802 Parkridge Boulevard  
Reston, VA 22091

Robert A. Mazer  
Albert Shuldiner  
Counsel to Constellation  
Communications, Inc.  
Vinson & Elkins L.L.P.  
1455 Pennsylvania Ave., N.W.  
Washington, DC 20004-1008



Richard S. Rodin  
David L. Sieradzki  
Ronnie London  
Counsel for American Samoa  
Telecommunications Authority  
Hogan & Hartson, L.L.P.  
Columbia Square  
555 13<sup>th</sup> Street, N.W.  
Washington, DC 20004

Karen Brinkmann  
Richard R. Cameron  
William S. Carnell  
Counsel for CenturyTel, Inc.  
Latham & Watkins  
1001 Pennsylvania Avenue, N.W.  
Washington, DC 20004

Mark C. Rosenblum  
Judy Sello  
AT&T Corp.  
Room 1135L2  
295 North Maple Avenue  
Basking Ridge, NJ 07920

Thomas K. Crowe  
C. Jeffrey Tibbels  
Counsel for Commonwealth of the Northern  
Mariana Islands  
Law Offices of Thomas K. Crowe, P.C.  
2300 M Street, N.W., Suite 800  
Washington, DC 20037

Sam S. Painter  
Crow Tribal Council  
P.O. Box 159  
Crow Agency, MT 59022

John T. Scott, III  
Counsel for Bell Atlantic Mobile, Inc.  
Crowell & Moring L.L.P.  
1001 Pennsylvania Avenue, N.W.  
Washington, DC 20004

Ronald L. Ripley, Esq.  
Vice President & Sr. Corporate Counsel  
Dobson Communications Corporation  
13439 N. Broadway Extension  
Suite 200  
Oklahoma City, OK 73114

Arthur Stiffarm  
Director  
Tribal Planning Department  
Fort Belknap Community Council  
R.R. 1 Box 66  
Fort Belknap Agency  
Harlem, MO 59526

Martin Jacobson  
Special Assistant Attorney General  
Montana Public Service Commission  
1701 Prospect Avenue  
P.O. Box 202601  
Helena, MO 59620-2601

Jimmy Jackson  
General Communication, Inc.  
2550 Denali Street, Suite 1000  
Anchorage, AK 99503

Philip L. Malet  
James M. Talens  
Omer C. Eyal  
Counsel for Motorola, Inc.  
Steptoe & Johnson L.L.P.  
1330 Connecticut Avenue, N.W.  
Washington, DC 20036

Belinda Nelson  
General Manager  
Gila River Telecommunications, Inc.  
7605 West Allison Road, Box 5015  
Chandler, AZ 85226

Laura A. LoBianco  
Senior Attorney  
Iridium North America  
8440 S. River Parkway  
Tempe, AZ 85284

L. Marie Guillory  
Daniel Mitchell  
National Telephone Cooperative  
Association  
4121 Wilson Boulevard, 10<sup>th</sup> Floor  
Arlington, VA 22203

Benjamin H. Dickens, Jr.  
Michael B. Adams, Jr.  
Counsel for Gold West Telecommunications  
Cooperative Inc., et al.  
Blooston, Mordkofsky, Jackson & Dickens  
2120 L Street, N.W.  
Washington, DC 20037

Margot Smiley Humphrey  
Counsel for NRTA  
Kotten & Naftalin, L.L.P.  
1150 Connecticut Ave., N.W.  
Suite 1000  
Washington, DC 20036

Kate Kaercher  
Stuart Polikoff  
Counsel for OPASTCO  
21 Dupont Circle, N.W.  
Suite 700  
Washington, DC 20036

Jeffrey S. Linder  
Kenneth J. Krisko  
Counsel for GTE Service Corp.  
Wiley, Rein & Fielding  
1776 K Street, N.W.  
Washington, DC 20006

Walter L. Challenger  
Chairman  
Public Service Commission of the United  
States Virgin Islands  
P.O. Box 40  
Charlotte Amalie, USVI 00804

Mary Eva Candon  
Counsel for Government of Guam  
c/o The Office of the Governor  
P.O. Box 2950  
Hagatha, Guam 96932

Lynda L. Door  
Secretary  
Public Service Commission of Wisconsin  
610 North Whitney Way  
Madison, WI 53707-2729

Minnesota Public Utilities Commission  
350 Metro Square Building  
121 Seventh Place East  
St. Paul, MN 55101-2147

Kelly Cameron  
Robert L. Galbreath  
Counsel for QUALCOMM Inc.  
Powell Goldstein Frazer & Murphy L.L.P.  
1001 Pennsylvania Ave., N.W.  
Sixth Floor  
Washington, DC 20004

G. Nanette Thompson, Chair  
Regulatory Commission of Alaska  
1016 West Sixth Avenue, Suite 400  
Anchorage, AK 99501-1963

Robert M. Halperin  
Counsel for the State of Alaska  
Crowell & Moring L.L.P.  
1001 Pennsylvania Avenue, N.W.  
Washington, DC 20004

Tony Rogers, Director  
Rosebud Sioux Tribe Utility Commission  
P.O. Box 430  
Rosebud, SD 57570  
Rosebud Sioux Reservation

Michael D. Wilson  
Executive Director  
Division of Consumer Advocacy  
Dep't Comm. & Consumer Affairs  
The State of Hawaii  
235 South Beretania Street  
Honolulu, HI 96813

David Cosson  
Counsel for the Coalition of Rural  
Telephone Companies  
Kraskin, Lesse & Cosson, L.L.P.  
2120 L Street, N.W., Suite 520  
Washington, DC 20037

Kenneth E. Trout, CPA  
Consultant for Summit Telephone &  
Telegraph Company of Alaska, Inc.  
3225 Purdue Street  
Anchorage, AK 99508-0444

Margot Smiley Humphrey  
Counsel for TDS Telecommunications  
Corporation  
Koteen & Naftalin, L.L.P.  
1150 Connecticut Ave., N.W.  
Suite 1000  
Washington, DC 20036

Charles H. Kennedy  
James A. Casey  
Counsel for Salt River Pima-Maricopa  
Indian Community and National Tribal  
Telecommunications Alliance  
Morrison & Foerster L.L.P.  
2000 Pennsylvania Avenue, N.W.  
Suite 5500  
Washington, DC 20006

Paulette C. Hansen  
Executive Director  
Tribal Nations Link-up, Inc.  
7010 Phoenix Avenue, N.E. #215  
Albuquerque, NM 87110

David A. LaFuria  
B. Lynn F. Ratnavale  
Counsel for Smith Bagley, Inc.  
Lukas, Nace, Gutierrez & Sachs Chartered  
1111 19th Street, N.W., Suite 1200  
Washington, DC 20036

Christopher A. Karns  
Counsel for Tuscarora Indian Nation  
Dorsey & Whitney L.L.P.  
1001 Pennsylvania Avenue, N.W.  
Suite 300 South  
Washington, DC 20004

Richard D. Coit, Executive Director  
South Dakota Independent Telephone  
Coalition  
P.O. Box 57 – 320 East Capitol Avenue  
Pierre, SD 57501-0057

Peter M. Connolly  
Counsel for United States Cellular  
Corporation  
Koteen & Naftalin, L.L.P.  
1150 Connecticut Ave., N.W.  
Washington, DC 20036

Richard A. Askoff  
Regina McNeil  
National Exchange Carrier Association, Inc.  
80 South Jefferson Road  
Whippany, NJ 07981

Ronald S. Weinstein, MD  
Director  
Arizona Telemedicine Program  
P.O. Box 245105  
Arizona Health Sciences Center  
Tucson, AZ 85724-5105

Gerard J. Duffy  
Counsel for Western Alliance  
Blooston, Mordkofsky, Jackson & Dickens  
2120 L Street, N.W., Suite 300  
Washington, DC 20037

Steven R. Beck  
US West Communications, Inc.  
1020 19<sup>th</sup> Street, N.W.  
Suite 700  
Washington, DC 20036


Lawrence E. Sarjeant  
Linda L. Kent  
Keith Townsend  
John W. Hunter  
Julie L. Rones  
Counsel for United States Telecom  
Association  
1401 H Street, N.W.  
Suite 600  
Washington, DC 20005

Bruce S. Asay  
Counsel for Wyoming Telecommunications  
Association  
Associated Legal Group, L.L.C.  
1807 Capitol Avenue, Suite 205  
Cheyenne, WY 82001

Heather H. Grahame  
Counsel for Alaska Rural Coalition  
Dorsey & Whitney L.L.P.  
1031 West 4<sup>th</sup> Avenue  
Suite 600  
Anchorage, AL 99501

Michele C. Farquhar  
David L. Sieradzki  
Ronnie London  
Counsel for Western Wireless Corporation  
Hogan & Hartson, L.L.P.  
55 Thirteenth Street, N.W.  
Washington, DC 20004-1109

Steve Hamlen  
President  
United Utilities, Inc.  
5450 A Street  
Anchorage, AK 99518-1291

  
Courtney R. Eden